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The Utilization of CRM in Small Business

Helsinki Metropolia University of Applied Sciences
Engineer
Industrial Management
Bachelor's Thesis
03 June 2013

Author(s) Title	Santeri Leimu The Utilization of CRM in Small Business
Number of Pages Date	40 pages + x appendices 03 June 2013
Degree	Engineer
Degree Programme	Industrial Management
Specialisation option	Global Information and Communications Technology
Instructor(s)	Thomas Rohweder, DSc (Econ). Principal Lecturer
<p>The purpose of this thesis was to explore how a small-size company could utilize Customer Relationship Management theories for being more successful in their business. The main objective was to create a model for the case company based on CRM theories itself as well as empirical observations.</p> <p>The case company's field of business is in inspections of global import and export trade. The amount of employees is less than ten. Work in the company divides into two sections, i.e. office work and on the spot.</p> <p>This thesis covers current theories on CRM, the current situation at the case company and how the suggested model would help to improve the situation. The purpose was to consider the suggested benefits regarding CRM and the company's situation to create a model which would work in practice as an improvement to the current status.</p> <p>It appeared that while CRM thinking had not been brought into the company's actions previously with a thought, a lot of key points had already been noted and in good shape. For instance, customer communication was mostly executed well with deep insight. Nevertheless, a lot of new ideas came along and those were included in the suggested model with the aim of making the company's business run more fluently.</p> <p>The ideas and theories gathered in this thesis can be used to make a positive impact on the case company's everyday procedures.</p>	
Key words	CRM, small business, utilization

Contents

1	Introduction	1
1.1	Case Company Description	1
1.2	Business Problem and Objective	3
1.3	Background and Motivation	4
2	Research Approach	6
2.1	Research Process	6
2.2	Data Collection & Analysis Methods	8
2.3	CRM Model Proposal	9
3	Best Practices of CRM	11
3.1	Introduction to CRM / Definition	11
3.2	Reasoning and Value of CRM	11
3.2.1	Benefits	12
3.2.2	Priorization	13
3.3	Strategic CRM	15
3.4	Operational CRM	16
3.4.1	Marketing Automation	17
3.4.2	Sales-force Automation	17
3.4.3	Service Automation	19
3.5	Analytical CRM	20
3.6	Collaborative CRM	21
3.7	Purpose	23
3.8	Models	23
3.8.1	The IDIC Model	23
3.8.2	The QCi Model	24
3.8.3	The CRM value chain	25
3.8.4	Payne's Five-process Model	26
4	Current State Analysis	27
4.1	Situation of CRM in the Case Company	27
4.2	Strengths	28
4.3	Weaknesses	29

5	New State Analysis	30
5.1	Customer Relationship in General	30
5.2	Improvements in Communication	31
5.3	Improvements in Paperwork	31
5.4	Strengths in Case Company	32
5.5	Weaknesses in Case Company	33
6	Conclusions	34
6.1	Summary	34
6.2	Practical Implications	34
6.3	Evaluation	35
	References	36
	Appendices	
	Appendix 1. Title of the Appendix	
	Appendix 2. Title of the Appendix	

1 Introduction

While the theme of this Thesis is in Customer Relationship Management, the core of the work is in the research of benefits gained from the theory of CRM in a small size company.

The study introduces a Case Company chosen where the author of this thesis has worked for the past year. The name of the company is undisclosed due to management request.

1.1 Case Company Description

The Case Company in this thesis is operating in import/export –business as an external inspectional company. The company is of small size. The amount of employees is not set, due to freelancers, but in terms of total amount of work power, less than 10 persons are employed. The company office is situated in downtown Helsinki, while a lot of the work involved is done outside the city.

The company was founded after the recession in the 1990's and it quickly managed to gain its own customer base, since the same market is shared by just a couple of other companies in the whole of Finland. Competition is existent, yet all contemporaries have their own satisfactory share of the business.

Work in the company divides roughly into two sections. Practical work is done on the spot in harbours or inland loading points, while the office handles paperwork as well as the communication with customers. From the employee point of view, both sections are part of the work.

The company does business with both sellers and buyers, as both of these can request an inspection to be held for their behalf. The nature of the trade is that the goods must be inspected for the quality of the items in question as well as the quality of the

work itself. Certain terms must be followed, and these are set by the terms of the trade. The inspections must be held in order to meet these terms.

The business is a part of global trade. Many of the customers are situated in Asia, particularly in Bangladesh, due to Bangladeshi government's strict rules in the import trade. This requires a strong understanding of the terms and conditions to have the goods acceptable for the trade.

The goods used in the trade may include anything from victuals to steel products. The inspections can take place in harbours or inland loading points. The goods can be put into containers or the hulls of ships.

While lots of the work cases take place as inspections of containers, a lot of the work is also done in grain piers. Finland has a government founded company called Viljava Oy, which does business with grain import/export in its premises. For instance, in a scenario where 5000mt of wheat is sold to a Middle-European buyer, the inspection covers the condition of the gear used for loading as well as the condition of the storage facilities in order to meet the terms set for the trade.

Office work in the company is mainly about reporting the outcomes of the inspections and outcomes of what might have gone wrong (from the customers' viewpoint, whether buyer or seller). Usually no failures occur, but it is unavoidable that sometimes everything does not go as planned. A typical scenario might be for instance a case where the products are flawed, thus the customer would not be getting what they are paying for. In such a scenario, the inspection is held responsible making inspector awareness essential. This includes both the notification of flaws as well as the ability to communicate with the customer in order to explain the problem to the customer.

In such circumstances where the sold goods are not of the quality or amount specified in the contract, the inspector has the responsibility to reject the deal at the inspection. This requires that specific details are met and rejecting should only be done with great certainty, as putting a trade on hold can be extremely expensive for all associated. For instance, the amount of lost income is in tens of thousands of Euros when large container ships are put on hold.

1.2 Business Problem and Objective

The objective of this thesis is to create an operative model proposal in CRM for the company for enhancing customer oriented service.

In the current situation the company does its customer communication mainly via telephone, fax or e-mail. These are all mainly managed by one person who then directs information to others. A vast amount of data is either in paper form or scanned into digital files. Information is not easily available when needed as there is no graphical interface to seek out fast what is needed.

It has to be noted that it would require lots of effort to get the information typed out into digital form. In its current state as a minor company, the case company does not have enough time to do so.

The dilemmas the company is facing contain mainly the questions whether a more direct approach would be better for more fluent communication or whether it would be better to construct and improve a database which would offer more fixed and previously created solutions for customer communication. Most of the problems are problems that the company has faced previously, yet the nature of the business is more sensitive to situations which are unexpected.

While a lot of the information is documented, also a number of things happening are not written down but just managed in situation control. For example, if a problem occurs, it is just fixed in the best possible way by remembering previous similar scenarios and no documentation of the incident is created. While this makes the system fluent, it is difficult for new employees to get into the situations which may occur and to understand the solutions for the problems.

At first glance, it seems that the biggest problem would not be in knowing what to do, but instead in being able to do it resourcefully.

A great deal of work is put on paper, which is basically essential due to current legislation, which states that business information must be in storage for years and a company must be able to provide direct information if asked.

Most of the customers of the company are longstanding customers. Thus, the customer relationship itself does not constitute a problem as the ties are solid. Being able to provide better service would be the direction to strive for, in order to maintain the relationships as well as to gain new customers from abroad.

The aim of this thesis is to create a model for describing the different (new) customers by their size and for segmenting them appropriately. Another objective is to create an easily controllable database about customers, their preferences and troubleshooting as well as all other paperwork needed.

1.3 Background and Motivation

The reasoning for my choice of subject for this thesis comes from an earlier idea. The initially chosen subject, however, ran into a dead-end thus the idea had to be refurbished. While my interest in writing a CRM thesis was not an immediate decision, it was something that was found through time. The topic of customer relationship was a part of the base of the previous thesis subject, yet it was a relatively small part of it. My motivation grew from the observation that Customer Relationship Management seemed to be a crucial part of everyday business.

Having worked for the case company for the past year, it has been illustrative to realize how much good customer orientation can do for both the customer relationship as

well as improving the quality of the work itself. In a way, in order to make things clearer for the customer, it makes it clearer for the employee as well.

My motivation for doing a Customer Relationship Management thesis is definable by the amount of importance I have come to realize it has. As Industrial Management studies have shown, a vital part of successful business is done via having a good customer oriented relationship, which makes it permanent. It is much more important to maintain good customers than to attract new ones for a brief moment.

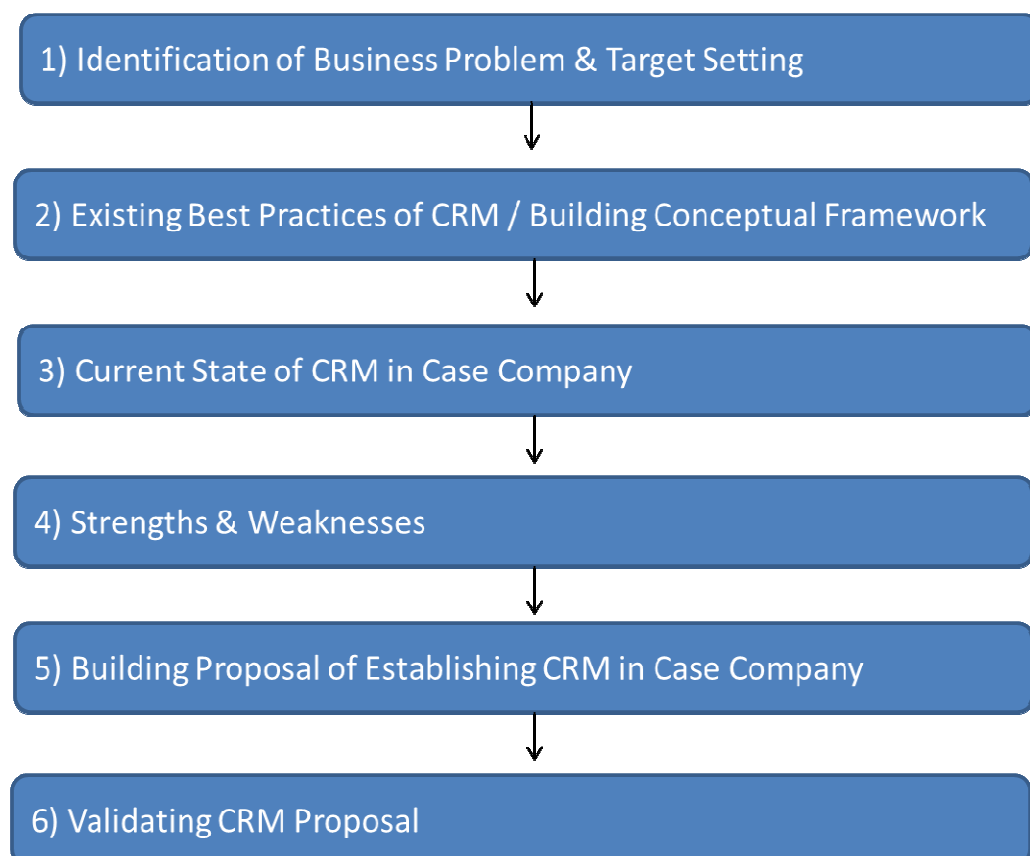
As an employee of the case company, doing this thesis is an enhancement of the working experience as well as an improvement for the company itself. While it might be that the implementation of any model presented here will not be possible due to limitations, the study should be able to make some sort of impact as an objective research. Many of the things that the implementation of a CRM model would change are essentially things that previously have not been under any consideration at all in the case company. Being able to create something with business thinking is what this thesis is striving for.

2 Research Approach

This study is based on observing the case company from within in order to reach an understanding of the current situation as well as on implementing information from different sources of CRM data and combining these two for the creation of a proposition model. The stages for the research are as listed below in subsection 2.1, but the overall scheme is to understand the requirements as well as the capabilities and limitations and, based on these, to create what would be the most profound and best model possible.

2.1 Research Process

The process can be divided into the following six steps for the best understanding of the research process as a whole.



Identification of business problem & target setting is the base of this research. Understanding the current situation and the direction to strive for is essential. The set target should be reasonable, as in realistically approachable, since due to the size of the company it is hard to manage with the existing resources.

Existing best practices of CRM / building conceptual framework as a part of research brings the knowledge of the best alternatives for the framework of the proposal. From CRM literature it can be seen which the best choices are for a small size company to aim in a successful CRM process.

Current state of CRM in case company -research is an essential part of the process. As CRM practice is unavoidable in any company, it can be determined easily how much is done and what the proper amount of effort would be which should be done for maximum effort.

Strengths & weaknesses analysis is a major factor in judging the effort. Understanding the key points and their results are important knowledge in making the process happen. Ultimately, more factors should come to strengths as the starting point is in minimal CRM thinking within the case company at the moment.

Building proposal of establishing CRM in the case company means the point where the research is completed and the data acquired and gathered is then transformed into a proposal which should be able to enhance the case company's ability to conduct and bring more value to the customers and customer oriented services.

Validating CRM proposal is the point where the case company is provided with the proposal and their opinion is heard and its suggestions taken into action. If done as should, this is the factor which leads into more CRM based approach in the case company's field of business.

2.2 Data Collection & Analysis Methods

Data collection for this thesis is to be done via observation and discussion. A large amount of my own work as an inspector serves as input for this. Other viewpoints have been gathered through conversations with colleagues and hearing about their experiences as employees. Some of the ideas of how things should be are more polished when several other persons have their own say of them.

Data collection by researching CRM literature is the theoretical approach of the case. As CRM is vastly studied, many books are easily available for use. Much of the sources gathered are available online, which helps in combining different sources as a solid compilation. As much as different CRM information is available, it is a key factor to filter out the most valuable information for a small company scale business. Basically, a lot of the information is universal, such as customer service orientation, but some knowledge is irrelevant as it would require investments which are beyond the capabilities of the case company.

Analysis methods for the work divide into segments. As information gathers, it requires to be sieved through into knowledge. Knowledge needs to be written down in a profound manner. Different methods bring the ability to gather information from different viewpoints. Comparison of different scenarios is a valuable key for understanding the best alternatives.

Naturally the genuine thinking of how things are and how they should be is one essential way of analysing the data. With the comparison of the theory and practice, it can be viewed which are the manners that lead into better results. A lot of things that happen within the process are happening in a one way, but with a little refurbishing of the ideas it should lead into a fluency which leads into better entirety.

2.3 CRM Model Proposal

The purpose of this thesis is in the CRM model proposal. As a way of enhancing the business, certain aspects of CRM theory should be implemented. Different CRM theories are explained further on, but due to the nature of the company, it should be noted that segments of different theories are used for the proposal. Various types of the theories have many ideas for boosting customer relationship, yet many of them have much information which is non-applicable for the case company.

The base of the CRM model is in the existing customer relationships and in the ways of boosting them. Different CRM theories have elements which are important aspects to strive for. Importance of maintaining existing customers is at utmost priority in the case company. In such field of business, where the amount of customers is very limited, it is essential to maintain those already connected.

For the model, most important suggestions come from the ways from the IDIC model. It enhances building better customer relationship and the ability to bring more value from and for the customers. Customers should be segmented and targeted as one-to-one relationships. Some of the customers are more active and some of them are just one-off cases. It should be foreseen which customers are the ones that can bring more value in the future as lasting relationships.

Elements from Collaborative CRM should be implemented for the enhancement in business communication. Current situation in the company is that the management handles all the communications via phones, e-mail or fax. It is all done by one person, who also does most of the non-customer related work. Naturally, it is good for the fluency of the business, yet it would better if these tasks were handed to a person who would do these as primary work. Hiring such person would be a strong suggestion and almost a liability.

By having one person responsible for customer communication, benefits would also be gained in marketing as that should be part of the person's work scheme as well. Current situation is that marketing is non-existent. It is true that since customers are of limited amount in the field of business, yet it would be better if even some kind of ad-

vertisement of the business would be used. It would not require much, even some kind of low-profile telemarketing would bring boost for the customer database.

Although it is likely that there would not be enough time and working hours for the case company to do more paperwork, some types of Analytical CRM could be used. In Analytical CRM, business transactions and such are recorded and examined for better results. It would require probably too much, yet some kind of examination of previous business cases could bring different and better ways of conducting business in the case company.

Overall, the proposal this thesis gives is a suggestion for the case company which would lead into more successful business. It is likely to have sections from vast fields of CRM but most important sections would be those mentioned before. For summary:

- IDIC model theories for better customer relationships
- Collaborative CRM elements for improvement of communications
- Analytical CRM for enhancing from the previous (and future) business experiences

Ideally these improvements should be implemented "on the fly". After the suggestions are made, the case company should see whether changes for better happen. It is likely to see that at least some of the elements to boost the business are used even if the suggestion as a whole is scrapped.

If the implementation process does not go as expected, most likely the CRM thinking is then refurbished and continued after this thesis into a more practical and complete model. It should be an interesting process to follow whether the suggestions gathered here should make a difference in everyday business in the case company.

3 Best Practices of CRM

3.1 Introduction to CRM / Definition

As CRM is divided into four different types and it has several misunderstandings, it is not easily definable. Nevertheless, as several core attributes always exist in CRM, it can be explained in a relatively short manner.

"CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer-related data and enabled by information technology." (Buttle, 2009:15)

CRM's nature as being a core business strategy which has its aim in creating and delivering value includes the insight of being not just about IT. As internal processes and functions are integrated within it, it aims at the ability to enhance the interaction within different sections in an organization. Ability to access customer-related data brings company's own sale, marketing and service function to communicate and be aware of each-others operations. It also brings it possible for external network, namely suppliers, partners and distributors to align their efforts with those of the focal company. Underpinning this core business strategy is IT, as it means software applications and hardware. *(Foss; Stone, 2001:3)*

3.2 Reasoning and Value of CRM

Importance of CRM thinking is essential and unavoidable in any business that has even the slightest idea of success. CRM is about

- Improvement in business processes
- Analysing customer data
- Enhancement of customer relationship

These key points are what make a business more successful. Fluency in business processes is essential for a company to be able to conduct existing processes in a profound manner as well as garnering new ones. Analysing customer data brings important knowledge of existing situations in order to create better process schemes for future. It is likely that from every business transaction there is something to learn to make it more fluent. Improvement of customer relationships is important in by being able to make existing ones better as well as having future relationships consistent.

(Foss; Stone, 2001:6)

3.2.1 Benefits

Benefits gained from CRM thinking include several key points. Improvements are gained in following:

- Customer service abilities
- Business data communication
- Customer satisfaction
- Marketing
- Profitability

Abilities for better customer service bring the capability of storing detailed information about the customers. For instance, sales history and detailed correspondence bring the knowledge about the customer in case easily available thus help out the speed and quality of the customer service.

By being able to centralize the business data into one location, the data is readily accessible for all members of an organization. This makes it easier to communicate within the company staff. If a one member of the organization would be unavailable, information that would only be within knowledge of that certain person is available for others.

Customer satisfaction which CRM thinking enhances has benefits in making the customer feel more comfortable in conducting business. The sense of good partnership makes customer happier and more likely to maintain the relationship for future and possibly make references for potential new customers.

Marketing benefits gained in CRM thinking are about the ability to analyse customer demographics, order histories and survey results. Information gathered from them can be used for instance for customer segmentation thus determine which types of customers are to be targeted by which type of marketing. Information of customer history also brings the ability to predict future orders and therefore target other products and services as well. *(Chen; Popovich, 2003.)*

Profitability is the natural outcome gained by CRM. It is the combination of the previous factors which lead into better profit. Customer satisfaction leads into more sales, which leads into more profitable business.

(Foss; Stone, 2001:6)

3.2.2 Priorization

When a company is starting any CRM turnaround, it requires the revision and refinement of objectives. Goals need to be re-evaluated, clearly articulated and clearly prioritized in order to be certain that company's resources will be properly allocated into meeting the most important goals set. For instance, a company would have the following goals as theirs. It requires consideration which are the ones in certain casework the most important ones to strive for:

- Increasing customer base
- Increasing revenue from existing customers
- Convert competitive customers
- Decrease turnover of profitable customers

(Baran, Zerres, Zerres. 2011)

The goals listed above have different rates of return in terms of value. Thus, it is a necessity to have strong considerations on which are the ones that bring maximum return. Only after a clear vision of strategy has been acquired, business improvements should be set to go. An organization's own strategy will determine the requirements that define which tactical activities should be implemented for intended results.

"Only after the strategic possibilities are addressed and tactics determined can organizational requirements for the initiative be addressed" (Baran, Zerres, Zerres, 2011)

The input of the whole organisation in terms of involvement and commitment is critical for a CRM strategy to work. Various sections across the department fields are vast, thus commitment in total is essential.

The most important lessons in CRM come as following:

- Current customer database has to be used more efficiently. Different segments of service that can be offered for existing customers bring more value for a business due to the fact of an existing customer relationship.
- Solid understanding of the current market segments and their values. Most industries have key factors for representation of customer leverage points. For instance, credit card companies encourage their existing customers in increasing their charge volume, since it produces higher returns than when attracting new customers. In short terms, focus in business is in customer lifetime value and being able to maintain the longevity of the customer relationship.
- Building customer relationships in more depth. Focus and attention in the size of customer database is often highly regarded, but it is as important to being able to understand deeply customers' needs and being able to meet them.
- Segmentation also equals into discrimination. In a scenario where information regarding customer offers brings the ability to understand which make the best returns, it is crucial to rank them in an order. Naturally, as many as customers can be served is possible is good, but this applies in a case where resources regarding time and effort are limited.

(Baran, Zerres, Zerres, 2011)

(Chen, Popovich. 2003.)

3.3 Strategic CRM

Strategic CRM is defined by the development of a customer-centric business culture. Its definition lies within the success of creating and delivering better results than competitors thus being able in keeping and maintaining customers as well as gaining new ones. Basically, the business culture is maintained by certain leadership behaviours, the designs of formal systems within the company and in creation of information of the company to boost its presence within its industry. In a customer-centric culture resources should be allocated in a way which they best:

- Enhance customer value
- Promote employee behaviour which reflects in better customer relationship (ie. with rewards)
- Improve customer information by collecting, sharing and applying the data within the field

(Buttle, 2009, 4)

Customer-centricity competes with other business logics. These are identified by Philip Kotler as following:

- Product
- Production
- Selling

Product-oriented businesses are based on the assumption that customers choose products with the best quality, performance or features. Often this is associated with highly innovative and entrepreneurial companies. Usually new start-up companies have the mentality of being product-oriented, which leads into deficiency of customer opinion. With little or none of customer research conducted, important marketing, selling and service decisions are shunned upon. Decisions about customer needs are made by

the management, which leads into products that are ultimately too specified or engineered for the requirements of the market. This leads into a bump of cost which results into a loss of potential customers.

Production-oriented businesses have the mindset of affectation of low-price product into customers' decision of choice. To being able to mitigate the price, the operating costs are kept low and low-cost routes to the market are created. In developing economies or segments of developed economies this can be seen as acceptable play, but usually the majority of customers seek for other requirements. As in, if a high-level electronics manufacturer would use cheapest and lowest quality components within its products, many of its existing customers would be displeased and discontinue the relation.

Sales-oriented businesses start from an assumption that if they invest enough into advertising, selling, public relations (PR) and sales promotion, customers are convinced into buying the product. Sales orientation has tendency into following product orientation – the company compensates their low-cost products by heavy advertizing.

A customer or market-oriented company have the mentality of having customer as the highest priority. This can be done via collection of customer and competitive information, which is disseminated and used in order of developing better value propositions for customers. In a customer-centric company there is a constant need of adaptation of current situation within the customer requirements and competitive conditions. Customer-centricity can be seen as a strong correlation of business performance.

(Buttle, 2009, 4)

(Kotler, 2000)

3.4 Operational CRM

Operational CRM is designed for automation and improvement of customer-facing and customer-supporting business processes. Software applications are used for enabling marketing, selling and service functions in a company to being automated and integrated. . (*Schierholz, Kolbe, Brenner, 2007:833*)

3.4.1 Marketing Automation

Marketing automation (MA) is used in marketing processes by applying technology into them. Campaign management modules enable marketers to use customer-related data in developing, executing and evaluating targeted communications and offers. Targeting customers for campaigning purposes is sometimes possible at the level of the individual customer by being able to communicate in a specific style.

Multichannel environments bring more challenge into campaign management. In a business which has several transactional channels it can be difficult to maintain customers that might be unique to a single channel, yet most have multichannel prospects. Integration of communication and different strategies and evaluation of performance requires substantial amount of technology aided coordination within the existing channels.

Event-based or trigger marketing is used as the term to describe massaging and offer presentation for customers at a certain time. In a scenario where an event happens, communication and offer are triggered. Such scenario can be initiated by customer behaviours or contextual conditions. For instance, a customer calls into a contact centre for information, which is a customer-initiated event. This is an indication of customers' interest in comparing alternatives and possibly a sign of potential change into a competitors' service. As a result, the company should be triggered to making an offer designed for the customer in order to retain the relationship.

(*Buttle, 2009, 7*)

3.4.2 Sales-force Automation

Sales-force automation (SFA) was the original form of operational CRM. SFA systems are now widely adopted in business-to-business environments and are seen as 'a competitive imperative' that offers 'competitive parity'. (*Buttle, 2009:7*)

Companies' selling activity is managed by the technology which SFA is applying. The selling process can be divided into several stages:

- Lead generation
- Lead qualification
- Identification of needs
- Development of specifications
- Proposal generation
- Proposal presentation
- Handling objections
- Closing the sale

SFA software is configured as to meet the requirements of the model of selling process in any industry or organization.

The selling process is enhanced by automation of selling activities, which improve and standardize it. Applied methodology allows sales team members and management to communicate for a standardized view of the sales cycle and issues related in common language.

Sales-force software used in the stages of a sales process automates companies' aptitude in assigning leads and track opportunities from the beginning to the closure. Opportunity management enables users to identify and progress opportunities within a sale from lead status through to closure. Software used usually contains sections which have lead management and sales forecasting applications. Lead management is used to understand and section sales into correct salespersons. Sales forecasting applications are useful in understanding transactional histories and estimates of produce estimates of future sales.

Contact management is used by the user in management of their communications with the customers. Records of the customer communication are detailed within computerized systems. Software for communication has such features as automated customer dials, personal calendar and e-mail functionality. Automated communication is useful for instance in being able to quote and propose customers easily. Software also holds details such as product codes, volumes, customer personal information and delivery requirements.

Product configuration applications are specifically useful in being able to configuration of complex product sales, such as IT solutions.

(Buttle, 2009:7)

3.4.3 Service Automation

Service automation brings the ability for companies to manage their service operations in a practical manner whether they are delivered through call centre, contact centre, web or face-to-face. The software used makes it possible for companies to handle and coordinate inbound and outbound communications. This can be seen improving of the process by reducing service costs, improving service quality, increasing productivity and gaining more customer satisfaction.

The product being serviced affects significantly on the service automation. Products designed for consumers are normally serviced through retail outlets, the web or a call centre as the point of first contact. Contact channels for these are normally supported by automated systems which are diagnosing customers' problem. For instance, a customer dials into the service and uses phone buttons in defining the problem through series of pre-recorded questions. Such technologies as interactive voice response (IVR) enable for the customer to interact with company by inputting their calls after the initial menu instructions. In such case as the problem resolution is not possible; the service process should involve authorization of the return of goods or a repair cycle.

(Buttle, 2009:7)

3.5 Analytical CRM

The analytical section of CRM is about understanding of the customer-related data which exists in order to being able to enhance both customer and company value. Sections for Analytical CRM can be divided into following:

- Capturing
- Storing
- Extracting
- Integrating
- Processing
- Interpreting
- Distributing
- Using
- Reporting

Analytical CRM is based and build on the foundation of customer-related information. The data for customer information can be found in vast fields in enterprise repositories:

- Sales data; in purchase history
- Financial data; in payment history or credit score
- Marketing data; in campaign response or loyalty scheme data
- Service data

The data can be gathered and added from external sources as well, such as geo-demographic and lifestyle data from business intelligence organisations. Such applications as data mining tools allow companies to interrogate data. Information acquirable from such sources will bring answers to questions which bring large value for a business.

- Who are the most valuable customers?
- Which customers have the highest propensity to switch to competitors?
- Which customers would be most likely to respond to a particular offer?

(Buttle, 2009:10)

Analytical CRM is regarded as a valuable part in many CRM implementations. Operational CRM often has struggles in strive for full effectiveness when analytical information about customers is missing. In such scenario, when the understandings of customer value or propensities to buy are underpinned, many operational CRM decisions as following are encountering difficulties:

- Which customers should be targeted with a certain offer?
- What is the relative priority of customers waiting on the line and what level of service should they be offered?
- Where should focus of sales effort?

(Buttle, 2009:10)

Analytical CRM makes companies able to decide which selling approaches are for which customer groups and how should they differ. Customers that have higher potential value should be offered for instance face-to-face selling, while lower value customers could be contacted via telesales. In addition, the content and style in customer communication can be fixed for a certain case as wanted with customer analytics. While done so, a customer can feel more specifically served for their own needs, which enhances the probability that given offer satisfies the customer.

From the customer point of view, analytical CRM delivers timely and customized solutions to given problems, thereby enhancing customer satisfaction. From the company point of view, analytical CRM brings the ability for more powerful cross-selling and up-selling programmes and more efficient customer retention and acquisition programs.

(Schierholz, Kolbe, Brenner, 2007:833)

3.6 Collaborative CRM

Collaborative CRM is used to describe the strategic and tactical alignments of normally separate enterprises in the supply chain for:

- More profitable identification
- Attraction
- Retention
- Development of customers

For instance, manufacturers of consumer goods and retailers are able to have their resources such as people, processes and technologies to serve shoppers in a more efficient and effective manner. Such practices as co-marketing, category management, collaborative forecasting, joint new product development and joint market research are parts of the practice applicable. Collaborative CRM uses different CRM technologies to communicate and transact within the organizational system. This is applicable by more traditional technologies as surface mail, air mail, telephone or fax, but the term is usually applied for more recent technologies such as electronic data interchange (EDI), portals, e-business, voice over internet protocol (VoIP), conferencing, chat rooms, web forums and e-mail. Used technologies bring the ability for data and voice communication to other companies and their business partners or customers. Collaborative CRM brings it possible to align the efforts of separate organizations to serve customers in a more efficient way. It brings the ability of information to travel through the supply chain fluently.

(Buttle, 2009:11)

Few CRM technology vendors have spent resources into development of partner relationship management (PRM) applications that are able to manage complex partner or channel ecosystems in companies. In addition, the costs of partner or channel management systems are reduced. PRM applications can be used to handle partner promotions. For example, manufacturer of consumer goods could have many different cooperative advertisement programs for its products running simultaneously. PRM technology enables companies to

- Manage the distribution of funds

- Plan and control promotions
- Measure outcomes

Collaborative CRM as a term can be used to describe the applications of these same technologies into internal communications for fluent interaction across sales, marketing and service functions. . (*Schierholz, Kolbe, Brenner, 2007:833*) (*Buttle, 2009:11*)

3.7 Purpose

The purpose of CRM is to help a company maintain its existing customers as well as gathering new. Essentially, it is about being able to understand customers' needs and answering them specifically. It must be understood that different customers have different requirements and the ability to satisfy them is ultimately a part of any successful business. Being able to serve different customers makes a business run well and most importantly, bring value for both the company as well as the customers.

By understanding the differences of customers and segmenting them brings the ability to offer other services and products along an interaction. This creates more value to a customer relationship.

3.8 Models

CRM has been developed into various comprehensive models. Of several in existence, a few are introduced here accordingly.

3.8.1 The IDIC Model

The IDIC model is developed around the idea of how a company should build up its one-to-one relationships with its customers in a more effective manner. The idea behind the model is to take four steps by which make the implementation process:

- Identifying the customers' nature and understanding their corresponding needs thus developing a comprehensive understanding in the customer relationship
- Differentiating customers to understand which require most attention in present time for most value and which customers have more offering in the future
- Interaction with the customers in order to ensure their realization of expectations and relationships with other suppliers or brands
- Customization of interaction (offer and communication) between customer and the company to ensure that the expectations and terms the customer has will be met

(Buttle, 2009:19)

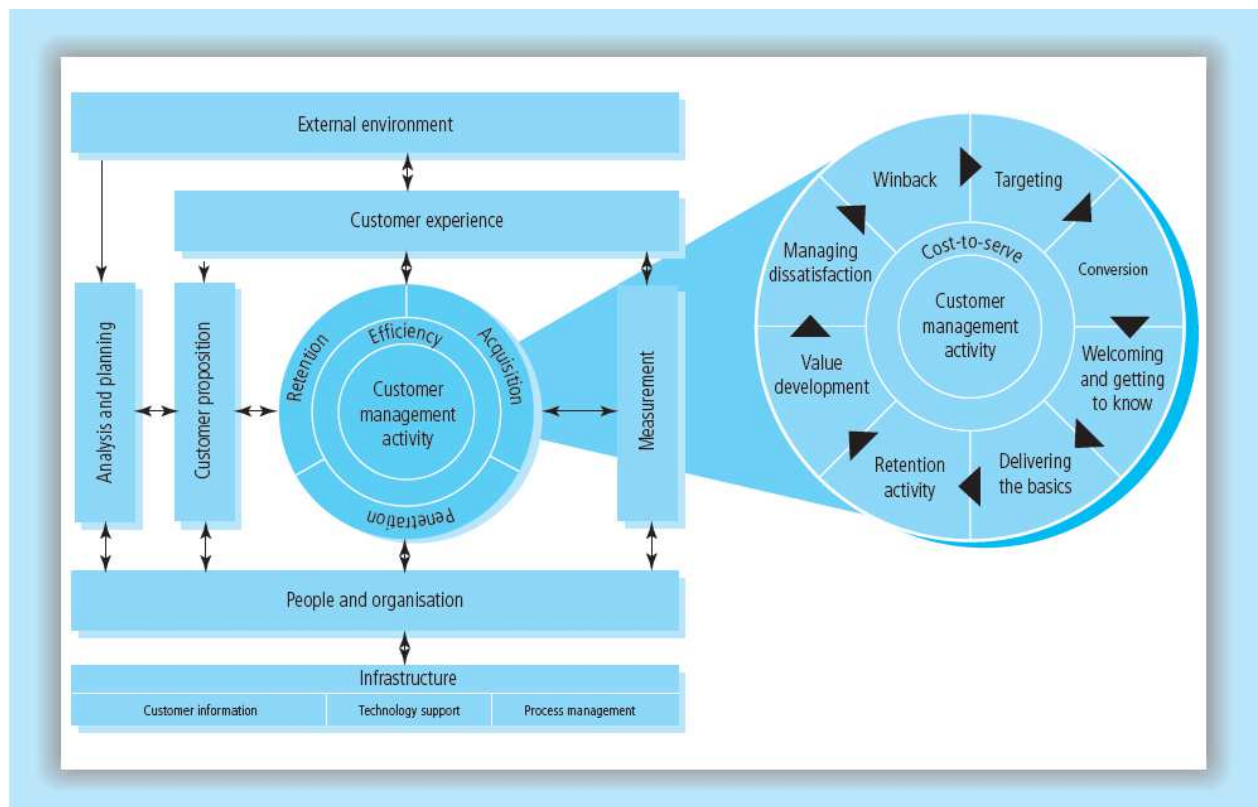


Figure 2.1. The QCi customer management model (Buttle 2009:19)

3.8.2 The QCi Model

The figure shown above is created by a consultancy firm. Its definition is to be a customer management model, which depicts a series of activities that companies need to perform in order to acquire and retain customers. Interaction between different portions in the model means people performing processes and using technology along with those activities in question.

3.8.3 The CRM value chain

Figure below depicts a model which consists of five primary stages and four supporting conditions leading towards the pre-set end goal in order of creating more profitable customer relationship.

"The primary stages of customer portfolio analysis, customer intimacy, network development, value proposition development and managing the customer lifecycle are sequenced to ensure that a company, with the support of its network of suppliers, partners and employees, creates and delivers value propositions that acquire and retain profitable customers." (Buttle, 2009: 20).

CRM strategy enhances its efficacy and effectiveness by the conditions that support it; leadership and culture, data and IT, people and processes.

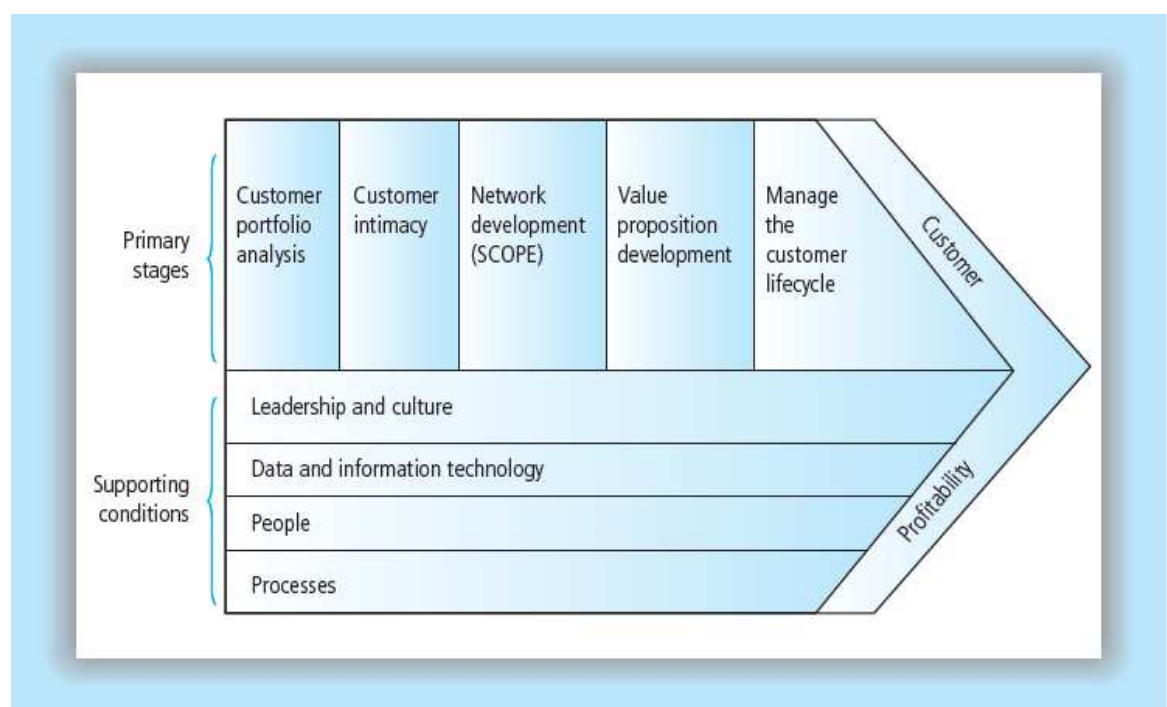


Figure 2.2. The CRM value chain (Buttle 2009:20)

3.8.4 Payne's Five-process Model

Adrian Payne is the developer of a model which explains the five core processes in CRM:

- the strategy development
- the value creation
- the multichannel integration
- the performance assessment
- the information management

Strategy development and Value creation processes are representing parts of Strategic CRM. Multichannel integration process is a section of operational CRM while Information management process is analytical CRM.

(Buttle, 2009:21)

4 Current State Analysis

The current situation of CRM in the case company is of relatively small scale. Most customers that the company has are long-term, which means that the customer relationships are deep, yet the service which can be offered is relatively small.

4.1 Situation of CRM in the Case Company

As stated, due to the small size of the Case Company, not much of CRM is done. Business communication is done via phone, e-mails and fax and by one person mainly. This is a strength as well as a weakness, as the dependency for one person is both advantageous as well as disadvantageous in cases of absence. Business interaction is naturally one of the most important parts of the work. Customers in Asia tend to use fax which is relatively outdated here, but still an essential part of the communication.

Customer relationship management in the company is essentially linked in the interaction. As the case usually goes, a customer would contact the case company with an inspection request and the case company agrees. Not much of the CRM is done besides, since other services are not exactly offered or needed. Flexibility is the key word though, since every business case could show signs of the need of an ability to adjust.

The data of the business transactions is stored in paper form. Due to legislation, everything needs to be stored for a several years in case of inspections. Basically, hundreds of folders are stored in the office because of this. Information in them could be imported to digital form for benefits by studying, but this is highly unlikely to be done,

due to the fact that there are neither enough workers nor working hours. A lot of the data is also on digital form (as scanned). From that data, some valuable information could be gathered if vast studying is done.

Data sheets on digital form come from the work in business cases. After inspections for the cases are held, data is then implemented into digital form for both own archive as well as the customers' own information sheet. These are done as pre-set forms, which include all the information available from the case.

Basically, a lot of the issues that could be improved are to be done via optimization.

4.2 Strengths

Overall, one of the major strengths in the company is in its flexibility to work in different types of scenarios. 20 years of experience in the field of business has built up the knowledge of troublesome situations and how to work past them. Usually if some type of issue is encountered, there is always know-how of how to cope with it.

While the field of business is small, it has both pros and cons. It is very useful to the company's success that its name has established a position where it is known as reliable partner in business. Since there are not many different customers in the market, one of the key strengths of the current situation lies in the fact that the same customers have already been customers for years. Customer relationships are strong and reliable. With the knowledge already gathered, they can be served with similar manner as always. This is rewarding for both the customer as well as the company.

Smallness of the company is probably more of a downside but it also has positive sides regarding the communication. Since not many people are handling the data involved in the business cases, all the information needed is within the knowledge of all the people related. This can be seen as a key factor in fluency of the business cases. If it is not a necessity for a lot of people to have knowledge of lots of different information, it can be considered a benefit, as overflow of information has a downward effect in handling of the business.

As most of the business cases in the company are done by same persons all the time, it creates experience furthermore. Even if the data is not exactly written and examined, situations encountered bring the knowledge of handling new scenarios.

Flexibility to think and to do different ways in business decisions is also a very important strength. Being small company this provides the ability to do fast turnarounds and to change into new, better alternatives.

4.3 Weaknesses

Weaknesses in the case company's CRM at the moment lie in the fact that not much thought is put in the optimization. While a lot of work is done, it could be done in a more efficient manner.

Essentially, the situation in the case company is relatively good at the moment, since there is not that much to be done regarding the size of the company. The things that are done could be just improved by putting more effort into in-depth thinking of the cases and communication.

The biggest weakness is that the communication in the cases is dependable on exact persons. It should be improved so that dependency would not be the issue; the cases could go forward without the need of having certain people at work.

On the whole, having employees with a multi-task job scheme is both good and bad. It creates fluency but also brings challenges to the company when issues ensue. As some cases the employees write down the reports, it results in not-so-well-written data, which is not a good thing considering the idea of archiving the business information into a logical database. Nevertheless, by writing the data personally by the person who also has done the case, is always in the best knowledge of the case. Having another person write about things that someone else has done is naturally a bit questionable, as it is then second-hand knowledge.

5 New State Analysis

After the implementation of the suggestions stated in the CRM model proposal in this thesis, the case company's style of business should be enhanced.

5.1 Customer Relationship in General

Ideas from the IDIC model would influence on the customer segmentation. While most of the customer relationships are on solid base, there are also many one-off business cases. These would be studied in order to gain understanding of potential long-term customers, since the stability of current customer base is obvious.

Ability to enhance the value brought to the company as well as to the customer would be the utmost importance. By segmenting services that can be offered to customers with existing customer relationships would be how this is done. For instance, if a customer company orders inspections to containers in a ship, the other cargo could require inspections as well.

The longevity of customer relationships would also be improved with the enhanced ability to offer more services. Also, building the depth of customer relationships should make the relationship more solid. Thus, in case of more troubled times, there would be some extension in the business to lean on.

Several other enhancements in customer relationships would be in the prediction of future happenings. With more detailed information regarding the business cases it would bring more ability to understand case company's customer behavior. For exam-

ple, it can be expected for the long-term customers to maintain and conduct their business as similar manner as it has been for the past years. Similarly, new customers that are expected to be of certain type can be segmented into categories. Furthermore, such customers that are of one-off can be expected and targeted with offering more services in order to transpose the business relationship into more in depth.

Nevertheless, it would be vital to understand the company's limitations in how much business there is to be taken. As the size of the company is small, it creates a situation where in the market there would be more work to do than it is possible to conduct. It would not be good to try to eat a larger share than it is possible. Such situation would create hard issues and possibly result in bad reputation among customers.

5.2 Improvements in Communication

Once a new worker is introduced to the company, the ability of the new recruit to handle communications would enhance drastically. The management would still be responsible, but since everything happens in a small scale, a specified person handling telephone calls and e-mails would bring more weight-in and value for the customer communication. A specifically qualified person would be able to communicate through different types of communication channels fluently.

Communication within the company would stay pretty much the same, as there would not be that many differences. Everything would still stay in relatively small-scale and easily manageable.

5.3 Improvements in Paperwork

Being able to put more thought into the analytical side of the business cases would be essential. Information gained from business interaction would be gathered into conclu-

sive statements. Working hours would be used to create patterns of how typical business cases could flow through in a most fluent way. This would be done mainly as a part of the new employees' job description, as it is likely that no existing employee would have the time for more work.

The data that comes from the cases into paperwork would be specifically organized by the person responsible. As now everything that happens is stored in the office as an endless number of folders, these files would get scanned and archived into digital archives with back-up copies. The digital storage of data is much less expensive than physical. As the amount of existing information is already overwhelming the main target would be in future to store the data as it keeps coming in. Eventually the turnaround of old cases into new would make the old, physical data obsolete in the office.

5.4 Strengths in the Case Company

The improvements that are gained by the CRM model bring a lot of new strengths to the case company's business.

The improved flexibility brings exclusive enhancements in the business. It can bring more work to do in the form of new customers, bring more fluency in the cases, improve customer communication as well as help to create a more positive reputation for the case company.

The customer communication as a strength is also notable. Due to the size of the company, closer communication with the customer is possible. If the case company were larger, its communication would have a more faceless style. It is easily a beneficial as most of the customer companies are also relatively small.

Having a more successful business and being thus stronger in the market is a natural benefit gained from the improvement. Performing better brings more success which, in turn, brings even more success. It's that simple really.

5.5 Weaknesses in the Case Company

Weaknesses in the case company's new situation are very likely to be the same as previously. Being a small size company, the amount of human resources is probably the largest issue. While the company has enough employees to run successfully on its own, it could benefit from being larger and having more people working for them. Nevertheless, it is a dead-end thought, since the company really cannot grow into a bigger one due to financial realities.

Replacing old business patterns with new ones may often create problems at first. For instance, finding a qualified employee for the job would be the first issue. Teaching the work to the employee would be the second. However, problems like these would be sorted out with time.

As stated before, the size of the company is problematic in the sense that with its current work force, it would be difficult for them take on more work and achieve a larger share of the market. They would simply not be able to handle it.

6 Conclusions

6.1 Summary

To summarize, the purpose of this thesis was to provide an insight into how a small scale business would benefit from implementing CRM logic for a more in-depth view to customer service.

Basically, the case company itself cannot change anything drastically due to limitations regarding its size. But, it can go a long way by introducing improvements in the fields of customer communication, business data archiving and flexibility. Hiring another employee to concentrate exclusively on the fields that need improving would be important.

Due to the fact that the use of CRM in the case company has been relatively minimal, it seems that the implementation of the key points recommended in this thesis would change things for far better in no time. Essentially, I believe that enhancing the role of CRM in the case company will make it better and bring more value to the company itself as well as its customers.

6.2 Practical Implications

The main findings in this Thesis which will help to make the case company better are as follows:

- Improvements in Customer relationship with the IDIC model theories. This means segmenting the customers in order to understand their needs and what the correct approach would be for each in order to maximize the business conducted. For instance, selling more services whenever possible.

- Improvement of communications with the elements from Collaborative CRM theories. The ability to strengthen and make communication with customers more fluent would be extremely important in order to enhance the quality of service that the case company provides.
- Ability to learn better from previous and future business experiences with Analytical CRM. Basically this means putting work hours into researching the data that is gathered from the work conducted in the business cases. In other words, figuring out the key points and based on these, trying to figure out certain patterns which could be beneficial in future cases. Thus, to put it simply, use time now to save time and bring value in the future.

6.3 Evaluation

My earnest idea concerning this thesis was to create a suggestion for the place I work that would bring fresh ideas to strengthen the company. I managed to figure out things that are done in the right way in the company, but also a lot of new ideas came through that were not in use. It seems that while the company has never really paid too much attention to CRM, they sort of had an idea of how good customer relationships are built.

This thesis was written in haste. I had hoped to deal with the topic on a deeper level, but with no time left it had to be done as it is. Nevertheless, I do not believe if any deeper insights would have been gained even with more time.

Despite the time problem, completing this thesis has been a strong learning experience. Realizing the connection between theory and practice has been eye-opening and that is really important as one part of the studies.

Hopefully I will be able to use the things I have learned along the way as my employment within the company continues. It is of utmost importance to me to strive for the direction laid out in this study.

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